

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5236-05
Bill No.: Perfected HCS for HB 1447
Subject: Licenses - Driver's
Type: Original
Date: March 26, 2014

Bill Summary: This proposal specifies that no person shall have to produce source documents for a driver's license renewal if the documents were necessary to obtain the original driver's license.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Less than \$100,000)	(Up to \$5,000,000)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000)	(Up to \$5,000,000)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

§ 302.067

Officials from the **Department of Revenue (DOR)** assume this new section prohibits the Department from requiring applicants whose source documents have been previously verified from having to present such documents upon application for renewal or replacement of the same driver's license or nondriver's license.

The proposed language within this section includes exceptions to the waiver provisions for applicants: who are not citizens of the United States; in cases where document may have been issued as a result of a fraudulent act and those who are applying for a commercial driver license or commercial driver instruction permit.

ASSUMPTION (continued)

Administrative Impact

FY '15 - Driver License Bureau

Administrative Analyst I-	200 hrs @ \$26 per hr = \$5,200
Management Analyst Specialist II	200 hrs @ \$24 per hr = \$4,800
Revenue Band Manager -	20 hrs @ \$32 per hr = <u>\$640</u>
	Total = \$10,640

FY '15 Personnel Services Bureau

Update web page - Administrative Analyst III	10 hrs @ \$23 = \$230
Update forms - Management Analysis Spec I	20 hrs @ \$22 = \$440
Update procedures - Management Analysis Spec I	20 hrs @ \$22 = <u>\$440</u>
	Total = \$1,110

OA ITSD

Missouri Electronic Driver License - Central Issuance System will require changes to existing document verification waiver process at a cost of \$1,092.

In summary, DOR assumes a cost of \$12,842 (\$10,640 + \$1,110 + \$1,092) in FY 2015 to provide for the implementation of the changes in this proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

House Amendment 1

Oversight assumes House Amendment 1 will not fiscally impact state or local governments.

House Amendment 2

In response to a similar proposal from this year (HB 1398), officials from the **Office of the State Treasurer** assumed the proposal would have no fiscal impact on their organization.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 1398), officials from the **Department of Revenue (DOR)** assumed this legislation proposes that the department implement same-day service for license issuance and renewal in which an applicant's license is printed in the individual license office and is issued to the applicant at the time of his or her application.

Administrative Impact

The changes to this section will require the department to:

- Amend the current license issuance contract with the vendor to acquire over-the-counter printers, card design functionality and consumables required to produce the driver and nondriver licenses in the license offices.
- Modify the Missouri Electronic Driver License Central Issuance system and supporting applications to allow for processing of the driver and nondriver license in the license offices.
- Install new equipment in each of the 182 license offices.
- Install new equipment in the central office for testing and development.
- Modify website information, forms and manuals with references to license issuance requirements and conduct training.
- Complete test case development and end user testing of hardware and license issuance procedures for issuance of the driver and nondriver license documents.
- Deploy outreach efforts to inform the public, state and federal agencies and other entities using a Department of Revenue issued driver or nondriver license (identification card) for verification of identity of the changes.
- On-going management of inventory processes for maintaining document production consumables in all offices.
- OA-ITSD would require several programing changes.

FY '15 - Driver License Bureau

Administrative Analyst I -	960 hrs @ \$26 00(1 1/2) per hr =	\$24,960
Management Analyst Specialist II -	1000 hrs @ \$24.00 per hr =	\$24,000
Revenue Band Manager II -	320 hrs @ \$32.00 per hr =	<u>\$10,240</u>
	Total =	\$59,200

ASSUMPTION (continued)

FY 15 - Personnel Services Bureau

Update Web Page Information - Administrative Analyst III	10 hrs @ \$23.00 = \$ 230
Develop Form - Management Analysis Spec I	80 hrs @ \$22.00 = \$1,760
Develop Procedures - Management Analysis Spec I	80 hrs @ \$22.00 = <u>\$1,760</u>
	Total = \$3,750

Total OA-ITSD Impact for FY '15 is 860 hours at \$27.30 an hour = \$23,478

DOR assumes the equipment and card design software will be provided by a vendor. If not, then a graphics designer would need to be hired.

In summary, DOR assumes a cost of \$86,428 (\$59,200 + \$3,750 + \$23,478) in FY 2015 to provide for the implementation of the changes in this proposal.

To meet the requirements of this proposal DOR assumes the department must amend the current license issuance hardware and card printing vendor contract to acquire over-the-counter printers, card design and consumable card materials in all offices.

The cost to obtain the necessary printers for each of the 182 license offices and central office systems, maintenance, card design hardware and software and consumables by amending the current contract is estimated to be a one-time cost of \$5,000,000 until the end of the contract.

The current contract is set to expire in September of 2016, and once the contract is rebid with over-the-counter issuance as prescribed by this legislation, the per-document cost will increase. It's unknown what the increased cost to the state will be in FY '17 and future fiscal years.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal. Since Oversight assumes some of the cost could be absorbed, Oversight will assume a "Less than \$100,000" cost to the General Revenue Fund in FY 2015, an "Up to \$5,000,000" cost in FY 2016 and an unknown cost in FY 2017

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost - DOR</u>			
Administrative and printer cost	<u>(Less than \$100,000)</u>	<u>(Up to \$5,000,000)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE	<u>(Less than \$100,000)</u>	<u>(Up to \$5,000,000)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

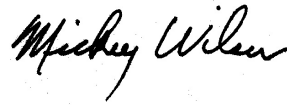
This proposal specifies that no person shall have to produce source documents for a driver's license renewal if the documents were necessary to obtain the original driver's license.

House Amendment 2 requires, by January 2, 2016, the Department of Revenue must provide same day service for the issuance and renewal of licenses. The license will be printed and issued at the individual license office at the time of his or her application.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Revenue
Office of the State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 26, 2014

Ross Strobe
Assistant Director
March 26, 2014